

FREQUENTLY ASKED QUESTIONS (FAQ'S)
ON CIRCULAR LETTER NO.11/ 17 /DPM DATED JULY 7, 2009
CONCERNING
PROCEDURES FOR THE PROVISION OF INTRADAY LIQUIDITY
FACILITY BASED SHARIA PRINCIPLES (FLIS)

Q. What is FLIS?

- A. FLIS is a funding facility provided by Bank Indonesia to Sharia Commercial Banks (BUS)/ Sharia Business Units (UUS) in its capacity as a member of BI-RTGS System and SKNBI, by entering into a repurchase agreement (repo) of securities to be settled on the same day as the day of use.

Q. What is precondition for BUS/UUS to use FLIS?

- A. BUS/UUS obtains approval from Bank Indonesia to use FLIS and has SBIS and /or SBSN which may be subject to repurchase agreement with Bank Indonesia, has an active status as a member of BI-SSSS and BI-RTGS and/or is not subject to the sanction of suspension as the member of SKNBI.

Q. What procedure must a BUS/UUS follow to obtain approval for the uses of FLIS?

- A. BUS/UUS shall submit a written application to Bank Indonesia cq. Directorate of Monetary Management – Monetary Operation Bureau (BI cq.DPM-BOpM), Jl. M.H. Thamrin No.2, Jakarta 10350 by attaching:
- a. 2 (two) copies of Agreement on the use of FLIS at a maximum;
 - b. Copy of the Bank's articles of association, regional regulation or power of attorney); and
 - c. Other supporting documents in the form of copy of valid identity card in the form of Identity Card (KTP) or passport of the Bank official authorized to sign the agreement and Agreement on the Collateralization of SBIS in the context of the Repurchase of SBIS

and Commitment (*Wa'ad*) to Repurchase SBSN in the context of the Repurchase of SBSN.

Q. How is mechanism to use FLIS?

A. BUS/UUS shall repurchase its own SBIS and/or SBSN by transferring the SBIS and/or SBSN to FLIS-RTGS account or FLIS-Clearing with BI-SSSS.

Q. When is the transfer of SBIS and/or SBSN made?

A. the transfer of SBIS and/or SBSN shall be made when:

- a. BUS/UUS requires FLIS-RTGS (self assessment) during the operational hours of BI-RTGS until cut-off warning of BI-RTGS system in with respect to FLIS-RTGS; and
- b. At the beginning of the day prior to Debit Clearing with respect to FLIS-Clearing.

Q. When BUS/UUS can use FLIS?

A. BUS or UUS shall automatically use FLIS in the following events:

- a. The balance of BUS/UUS' giro account with Bank Indonesia is insufficient to settle the outgoing transaction in BI-RTGS system and when securities subject to repurchase agreement for FLIS-Clearing is insufficient for the settlement of Debit Clearing.
- b. The balance of the Bank's rupiah giro t account with Bank Indonesia is insufficient to fulfill the Bank's obligation to settle Debit Clearing

Q. When FLIS settlement mechanism can be used and what is FLIS settlement mechanism?

A. FLIS shall be settled by no later than the day of the use of FLIS (T+0) until the pre cut-off time of BI-RTGS System automatically by BI-RTGS System any time an incoming transaction is made to the BUS/UUS' Rupiah giro account with Bank Indonesia.

Q. How to calculate fees for the use of FLIS and when is the fee charged?

A. Fees for the use of FLIS shall be calculated as follows:

$$\text{Fees for the use of FLIS} = \text{Nominal Use of FLIS} \times \left[\frac{t}{(10.5 \text{ hours} \times 60 \text{ minutes})} \right] \times R \times \left[\frac{1}{360} \right]$$

Remarks:

t = Period of use of FLIS (in minutes).

R = Most recent overnight PUAS weighted average prior to the day of use of FLIS.

10.5 hours = period as from the opening of operational hour of BI-RTGS System (06.30 WIB) to the cut off warning of BI-RTGS System (17.00 WIB).

And shall be charged on 1 (one) business day after the use of FLIS.

Q. What about the unsettled FLIS?

A. The value of unsettled FLIS shall automatically be treated as a repurchase transaction with Bank Indonesia for the term of 1 (one) business day and with regard to such transaction, BUS/UUS shall be subject to repurchase fee with the following calculation:

$$\text{Repurchase Fee} = (\text{Repo Rate}) \times \left(\frac{t}{360} \right) \times \text{Nominal use of Purchase}$$

Repo Rate = BI Rate + certain Margin

t = number of calendar day of SBIS/SBSN repurchase

Q. What about the BUS/UUS which has signed Agreement on the Use and Collateralization of FLIS prior to the coming into effect of this Circular Letter?

A. The BUS/USS must replace it with the Agreement on the Use of FLIS as the sample attached to this Circular Letter.

DPM